



Courtesy Hartford Courant

THE "King of Sports" now reigns along the trout streams of Connecticut in welcome contrast to the rule of mad waters a month earlier.

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CONNECTICUT INDUSTRY • MAY • 1936



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L. M. BINGHAM, Editor

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A HALF CENTURY TRIUMPH

By E. KENT HUBBARD

Industrial, financial, commercial and civic leaders of Danbury recently paid tribute to Frank H. Lee in recognition of the completion of 50 years of activity in the development of Connecticut industry and in the betterment of the community which has been so fortunate as to claim him.

In attendance at the testimonial dinner were those who know him as the builder of a great industry. There were present those who know him for his work in the stabilization of the financial structure of the community. Present, too, were those who know of the part which he has played during the last half century in the promotion and the protection of the interests of the people of Danbury in general.

Many of us know and think of Frank Lee as typical of the stalwarts who have made Connecticut industry what it is today. The very foundation of his success in industry, and the regard in which he is held by those who have worked with him and for him, is his sense of justice and of the necessity for the maintenance of industrial freedom. The group whom he typifies have never denied the existence of the right of men and women to associate in the lawful furtherance of a lawful common aim. That right is as old as time, and was exercised long before the self-chosen champion of collective bargaining made a political issue of it.

The man to whom honor was accorded has, throughout his long business life, stood upon the principle of the right to organize and the right to work for individual and collective advancement. But he has been equally insistent that this right does not carry with it the right to coerce and intimidate those who are not like minded; that it does not carry with it the right to assume functions which are morally and legally the prerogative of management; that it does not give the right to boycott or to prevent the earning of a living.

There can be no quarrel with such an honesty of purpose. Demagogues may come and they may go. False leaders, like false prophets, may arise from time to time. Those drunk with power and those who seek self-glorification may hold the stage for a moment but, in the end, those who have stood upon the principle of industrial liberty—as have the truly great of Connecticut industry—pass on a heritage which will triumph.

With characteristic modesty, Frank Lee refused to accept the plaudits of those who gathered to do him honor. Humbly he commended to them his sons whom he has trained to carry on. Thus do the honest, the God-fearing, and the humble become recognized as great during their life-time.

LAST MONTH IN WASHINGTON

As November elections draw nearer, the more political become the issues debated in Congress. The strategists among the Administration seem to be working more overtime than ever figuring out "pet peeves" of Jim Voter and then framing bills that would seem to pour healing salve on his wounds in the event of passage, and all of this without creating too much opposition in other groups whose support may be necessary to the accomplishment of certain phases of the "gag to industrial freedom" which the present administration has been slowly tightening since NRA was first christened.

Taxes, never a popular subject, except when they are loaded on "the other fellow" are needed in huge sums and at the most awkward time—an election year. So the clever strategists, knowing that the "have not's" are always ready and eager to soak the "have's," came out for taxing corporation surpluses which would drive more dividends out of corporation vaults into stockholders' hands where a healthy income tax would demand its "pound of flesh" at the most tender spot. And so the House Ways and Means Committee announced hearings to start March 28 on a new tax bill, then only in fragmentary form sufficiently vague to put witnesses "in a hole." It is difficult to hang a hat when there is no hook. To add to the witness dilemma, the House Ways and Means Committee, under the chairmanship of Chairman Robert Doughton, discarded the usual method of assigning a certain period for each witness. When the committee first assembled, the chairman informed the press that there was no one to testify. Thus John Q. Public, without knowledge of the carefully laid plan to eliminate as many opposition witnesses as possible, may easily swallow the sugar-coated press statement and labor under the misapprehension that the tax bills must not be so bad, or that business is asleep on the job, because its representatives failed to show up with their opposition testimony.

By such methods the strategists looked forward with confidence that there would be a lesser number of witnesses from distant points since they would not care to waste the time and money waiting around Washington hotel lobbies not knowing when, if ever, they would have the opportunity to appear as witnesses. Harassing tactics were used by committeemen to show opposition witnesses in a bad light. No less than the Mayor of Pittsburgh was invited to leave the witness stand because he objected to having a second question put to him before answering the previous one. As the hearings continued it became increasingly evident that regulation was desired by the bill as much as revenue; that the former objective as contained in last year's "tax the rich" bill—redistribution of wealth—was still as virile as ever in the minds of the Administration drafters.

The bill, now drafted by Committee Democrats, is practically ready for introduction in the House, and is expected to be passed by "steam roller" tactics within one to two weeks after introduction and with very few floor amendments.

The Senate Finance Committee is expected to start tax hearings almost immediately after the introduction of the tax bill in the House. Because only 4 of its 15 members are seeking reelection in the Fall, the Senate Committee may be expected to give more consideration to economic phases when preparing its draft. As mentioned in last month's review of Washington affairs, the Senate still

seems to favor the retention of the present corporation tax instead of the House graduated form on undistributed surplus, and in addition as a "sop" to the President, may superimpose on top the corporations tax, a small tax on surplus. Tariffs may also be voted into the Senate bill, particularly on oils, fish products, and poultry. Senate hearings will afford manufacturers and business in general their last opportunity to be heard.

Already Congress is getting "itchy" to go home for a short vacation before starting stump campaigns for election of themselves or some other members of their own party group. From all reports the majority in both Houses are just "coasting" mentally, doing little thinking and about as much constructive work, waiting for orders from the White House—hoping there won't be any more bills added to the must list to hold them in Washington until August. This attitude obtains more frequently among those who are in Congress because of the salaries primarily. Their prime interest is, naturally enough, to renew their "bread ticker" which they believe can be done best and with the least amount of effort by getting more and more "pork barrel" for their constituents. After all many Congressmen are unfortunately like increasing numbers of other men in private life who, under the "work less—get more" philosophy propounded during the past three years, have lost their zeal for conscientious service to their employers.

Status of Bills. Certain departmental appropriations, the projected \$1,500,000 relief appropriation bill, the Healey-Walsh Government Contracts bill in modified form, and the new corporations surplus tax measure are the chief "musts" remaining on the legislative slate, of which the latter will consume most time and create most bitterness.

If agreement can be reached among administration strategists, and the President gives "Go" signal, a housing bill may be passed via the Wagner formula.

The Healey-Walsh Government Contracts bill has been in the hands of a sub-committee of the House Judiciary Committee which voted to apply the industrial restrictions on hours and wages only in the case of contracts over \$10,000 instead of \$2,000. Also discussed was the possibility of limiting application to prime contractors instead of having it apply to sub-contractors wherein each prime contractor must virtually become an industrial G-man for the government. This sub-committee also considered a new bill drafted by Chairman Healey (Democrat, Mass.) which would exempt floor stocks on hand when government contract was received, direct the Comptroller General to prepare "black list" of those who violated contracts, directing that none on the list could get another contract for 3 years after violation; provided for creation of 3 member board within the Labor Department to administer (not more than 2 from any one political party). Passage of a modified form of contracts bill is freely predicted.

Wheeler-Rayburn bill expanding Trade Commission powers over "unfair methods of competition" and "unfair and deceptive acts and practices" has been perched on the Senate calendar with a 50/50 possibility of consideration but little chance of passage this session.

The Van Nuys, Ramsay and Perkins bills which prevent employers from attempting to influence votes of

(Continued on page 23)

MAD WATERS

Editor's Note. This article, reviewing the activities of the dark flood days of March 11 to 22 and those immediately following, merely "scratches the surface" of the happenings on these eventful days. More complete accounts by word and picture appeared in the special Flood Editions of the Hartford Times and Courant.

UNPRECEDENTED timing of natural forces, warm weather, melting ice and snow, rain and more rain brought to Connecticut and other sections of New England, from March 11 to 22, the most destructive water disaster ever recorded since the first record of floods was made in 1639. And by comparison that 16 foot river record was a mere trickle compared with the mighty Connecticut and its tributaries in March as they turned into a mad inland sea, which churned onward to the sound with ice, houses, barns, garages, boats, lumber, automobiles, bridges, animal corpses and hundreds of thousands of tons of debris.

Although nature gave warning with swollen streams overflowing their banks on March 11, after heavy rains and vanishing snow, the significance of what was to come could not be grasped in the light of previous flood levels for nearly three centuries. On the morning of March 12 came the first sizeable advance guard of the Great Flood to come. Among the first to overflow its banks in the Hartford County region was the Park River in Hartford. Then alarming reports came in from other sections that the rivers of New Hampshire, Vermont, Massachusetts and other rivers in Connecticut were rising at a fast pace forcing onward into the Connecticut a threatening avalanche of ice-caked waters. Threats to northern valley towns came from the rising waters of the Farmington, the Park, the Westfield and the Ashuelot. In the Western section the Housatonic churned a note of terror that caused the loss of an old wooden bridge and later brought inundations, darkness, closed roads and deeds of heroism on the part of Connecticut Light and Power employees who made a successful attempt to restore lights to a stricken home where severe illness prevailed.

On Friday, March 13, ice in the Connecticut broke below the dam and moved out slowly, while above it a mighty wall of ice formed, damming the rising waters above South Windsor to a height of 7 feet above the water level below the ice jam. Ice piled high at the Bulkeley Bridge (connecting Hartford and East Hartford). Natives of the low lying sections in East Hartford, Hartford, Windsor and South Windsor, already veterans of many spring freshets, had in many cases moved to higher quarters to escape the water's fast rise into the first floors of their dwellings.

On the same day, eastern Connecticut, which was just "breathing freely" again after two bad freshets within a week, felt throughout its textile populated towns the beginnings of the deluge of ice and snow which raised the tributaries of the Thames River to bridge and dam breaking levels. The Willimantic and Natchaug Rivers went sufficiently wild to close a number of roads, flood the lower sections of Willimantic, damage the Columbia

Bridge, wash out rail lines, wreck pavements, inundate two square miles in the Sodom and Bricktop Road sections, destroy a bridge in North Windham and tear out a Connecticut Light and Power Company cable bridge. United further on as the Shetucket River, the muddy waters rushed onward to wash through a railroad cut alongside the dam at Scotland, demolishing the Connecticut Light and Power Company's generating plant.

Further north at Stafford Springs, the borough was almost isolated by the rampage of water which tore out all except one bridge cross-over into the area. At North Grosvenordale, the French River ran amuck to sweep out bridges and cause much damage to homes and textile mills.

Despite the havoc caused in the eastern and northeastern sections of the state in the early flood stages, the weight of the Great Flood of 1936 was borne chiefly by inhabitants of the Farmington and Connecticut River valleys. Over the week-end, starting March 14, the water level at Bulkeley Bridge, Hartford, rose to a height of 24 feet and then started to recede. More rain and warm weather



Courtesy Hartford Courant

COLLINSVILLE Bridge and the Collins Co. plant (at left) shortly after the Greenwoods dam broke at New Hartford.

again sent upland streams in search of wider channels. Finally, under the terrific pressure of feeder streams, the Farmington River, with little warning at 7:50 A. M., March 18, tore through the century-old Greenwoods dam at New Hartford to rip out more than a score of houses and barns and one bridge in the heart of the town, leaving behind more than one hundred homeless and damages estimated at over \$300,000. The path of destruction swept on down the valley through Collinsville, Unionville, Farmington, Simsbury, Tariffville and Windsor to widen and deepen the Connecticut, then started on the way to its historical flood peak of 37.5 feet at the rate of nearly 6 inches per hour.



Courtesy Hartford Courant

CONNECTICUT River bridge at Middletown at near flood peak.

When at the 25 foot level on March 19, Leslie Conover, state meteorologist, predicted that the river would "probably surpass the record high of 29 feet set in 1927." Because there was no precedent others did not predict so well. Late Thursday afternoon, March 19, lights flickered and went out in downtown Hartford as the flood waters raced onward past the 30 ft. level to send the Bulkeley Bridge gauge out of sight and to back up water at an alarming rate into sewers, cellars and business places along the Park River.

Noting the rapid rise in the river toward calamity proportions the city began to marshal its reserve strength. Mayor Spellacy called for help; The Red Cross, WPA workers, the American Legion, volunteer workers, the National Guard and Naval Militia responded. The Red Cross and the Legion opened quarters for refugees in schools and other buildings where homeless were fed, re-clothed and given shelter. Truckmen with full crews worked like madmen to beat the rising waters to thousands of dollars worth of merchandise and equipment in the lower floors of buildings in the path of the flood. Boats put out in the new Connecticut River bottom that spread nearly to Market Street on the east side of Hartford, covered the lower sections of East Hartford, Wethersfield, Glastonbury, Cromwell, Portland and Middletown to the South and of Windsor, Windsor Locks and Warehouse Point to the north. All night long in the darkness and through treacherous currents more and more men and boats took marooned individuals and whole families to safety.

Friday and Saturday with waters rising still higher until the peak of 37.5 feet was reached Saturday about noon, saw a repetition and intensification of the same frantic struggle to save life and property and keep open communication lines. The fight went on over a thousand fronts with every available gasoline or any other type of pump spewing forth into the streets in order to keep "mad waters" from their destructive errands to wiring systems, generators, telephone equipment and merchandise of all descriptions. Weakness to the dry bridge abutment in East

Hartford caused the closing of the Bulkeley Bridge to East Hartford, marooning many on a trolley car for the night and keeping thousands from their homes in Glastonbury, Manchester, East Hartford and more distant points. One road approach after another disappeared as the river spread its surplus to the north, east and southward, leaving Hartford virtually isolated except for outlets to New Haven, Boston via the Shore Route through New Haven, and New York points. Hartford's Main Street was virtually a peninsula bounded by water in the downtown section within less than a city block on either side.

Sightseers, who crowded the streets and high vantage points on Thursday, all agog with the spirit of a "Roman holiday," grew more sober and worried as press bulletin boards announced higher and higher water marks with no end in sight, and rumors of more breaking dams became rampant.

Although rescue battles against great odds were being won by the police, the National Guard, the Naval Militia and by volunteer workers, hundreds of heroic stands against "Old Man River" were lost. The most stubborn resistance of sand bags piled feverishly higher and higher by an army of PWA men, failed to stem the avalanche which broke through first the Municipal and then the Colt dike to put out of commission entirely both Hartford Electric Light plants on the river front and to spread water up to the third floor levels of Colt's Patent Fire Arms Mfg. Co. plant, to flood the Capewell Mfg. Company plant and to wreak further vengeance on the Taylor and Fenn Mfg. Co., one lumber yard, several woodworking establishments, scores of homes, mercantile establishments, coal yards and the Connecticut Company plant. Fire engine pumps and sand bags lost out to the rising waters of the Park River which inundated the lower floor of the Southern New England Telephone Company building and crippled equipment in both the new and Pearl Street buildings until some 40,000 telephones were out



Courtesy Hartford Courant

DEBRIS on Warehouse Point bridge after flood waters receded. Plant of J. R. Montgomery Co., of Windsor Locks, in background at right.

of commission. The same losing battle was waged at the Hartford Electric Light Company's downtown Hartford plant on Ann Street. Dozens of other large downtown buildings within one to two blocks of the Park River suffered the same fate.

Further north as far as Fuller Brush Company's plant the waters threw their rapid currents against foundations and walls, through windows over furniture, machinery and equipment. Across the river in East Hartford, where the only communications remaining with Hartford were by boat, airplane and radio, Shell Oil and Gasoline tanks careened dangerously. Then the top of one fell. Another tank broke loose to join the flotsam, but was eventually beached by the Naval Militia and the Coast Guard. In short, the old favorite phrase "hell and high water" was in its element in more than a score of towns along the valleys of the Connecticut and its tributaries on that "black Friday and Saturday" March 20 and 21. Overhead National Guard and private planes droned as they patrolled the flooded areas while their occupants looked through binoculars for stranded refugees, or snapped air views of the desolation below.

At Hartford's Hotel Bond, bell boys cut hip-boot paths through two feet of water as they went about their duties on Friday morning, while many traveling patrons, finding themselves marooned, attempted "adventures in contentment" at the hotel bar on higher ground. That evening incoming patrons were rowed up to the registry desk while others checked out and were taken to the depot in the same manner.

Newspapers had their troubles, too, when power went off. The Hartford Courant which had given of its facilities to the Springfield Union was forced Friday evening to accept the hospitality of the New Britain Herald to publish Saturday, Sunday, Monday and Tuesday editions. The Hartford Times was also forced to accept the hospitality of the two New Haven daily papers, and like the Courant had to use airplanes to transport papers by



Courtesy Hartford Courant

CATWALK between the flooded Hicks Street building and the Pearl Street building of the Southern New England Telephone Co. at Hartford. Operators had to "walk the plank" as they went to and from their posts, unless they preferred to swim.



Courtesy Hartford Courant

DIVER working on floating oil tank to close all valves thus preventing leakage and a fire hazard. Militiamen are aiding him.

plane over flooded districts, transshipping by truck to dealers.

From the alarming flood stages beyond 30 feet to the peak of 37.5 feet and back down to safe levels, the people of Hartford and other valley towns were given their first taste of life as it moved a century ago. No movies, no lights, no telephones, no electric refrigerators, elevators, curling irons, vacuum cleaners, toasters, oil burners, or other servants of modern life, except gas. Cooking and heating came from live coals in open fireplaces in thousands of homes until the forces of the Hartford Electric Light Company and the Connecticut Light and Power Company succeeded in hooking up outside power lines with sub-stations, both old and newly constructed, outside the flooded districts.

As the waters receded over Sunday and during the early part of the week of March 22, health hazards and rehabilitation became paramount in the minds of officials and as discussion topics. Both state and municipal health departments went into action inoculating thousands of workers and residents of the flooded areas as well as many others outside these districts who desired to take precautions against the typhoid germ, certain to lurk in dried up sewage strewn throughout the once inundated regions.

Governor Cross, who had formed a committee of 13 to meet each day to coordinate relief and rehabilitation programs, went to Washington on Monday, March 23, with State Welfare Commissioner, Frederick C. Walcott to ask National WPA Director, Harry L. Hopkins for an outright grant of five million dollars for relief. Three million was promised. Hartford's Board of Aldermen voted at the behest of Mayor Spellacy an emergency appropriation of \$500,000 for relief of flood sufferers, rehabilitation and protection of health.

As thousands of inoculated CCC, WPA and city workers got busy on the clean-up job with picks, axes, crowbars and fire fighting pumps for applying chlorinated lime solution, it became apparent for the first time what terrific ravages had been wrought. Streets were undermined,

and ripped up in thousands of places. The waterlogged ground, covered knee deep with mud, was pitted in numerous places with deep holes filled with water. Sidewalks and pavements were stripped in hundreds of places. Coatings of oil painted the outside of buildings. All manner of jetsam was strewn in such profusion that streets and bridges were impassable. Hundreds of shops, stores, automobile showrooms and other business places inside the "flood areas" were so badly littered with refuse, water logged and mud covered merchandise and equipment once recognized as "assets", that nothing could be done except to shovel the remains into piles to be removed as worthless debris. Hundreds of small merchants were ruined as all their possessions were found to be worthless masses of junk.

Industries too suffered great damage, but neither individually or in totals were the losses so crushing as in the case of small merchants. Of the 59 manufacturing concerns reporting thus far, out of 131 surveyed by the Association in 30 towns and villages in Connecticut's flood areas, 17 companies estimated cleaning expense totaling \$25,850, ranging in amounts from \$100 to \$5,000; 15 estimated damages to buildings and land totaling \$144,200 ranging in amounts from \$100 to \$125,000; 12 estimated machinery losses totaling \$15,750 ranging in amounts from \$100 to \$4,000; 16 estimated losses to materials and inventory totaling \$39,950 ranging in amounts from \$250 to \$13,000; 11 estimated they lost business totaling \$88,550 ranging in amounts from \$50 to \$19,000. Of the 59 companies reporting only twenty-five told of actual losses, which totaled \$314,000. Utility companies, railroads and more than a half dozen manufacturing concerns believed to have suffered total damages of \$2,000,000 or more are among those not yet reported to the Association. It would not be at all surprising to see damages among manufacturers and utilities mount to a total in excess of \$3,000,000. Estimates of wages lost by 12,754 employees of thirty-four manufacturing concerns shut down on account of the flood, total \$239,403.93 to date, with others to be reported.

Military Participation

Noting the rapid rise of the Connecticut River enroute to Hartford on Thursday morning, March 19, Brigadier General Ladd immediately arranged to substitute drill nights whereby the Second Battalion 169th Infantry would be on hand at the State Armory, Hartford at 8:00 P. M. and ordered Lieutenant Colonel Joseph P. Nolan, 169th Infantry to report for duty at 12:20 P. M. During a conference with Governor Cross at 11:00 A. M., a call for military aid came from Mayor Spellacy of Hartford. Foreseeing the danger of the unprecedented river rise, General Ladd ordered the Fifth Battalion Connecticut Naval Militia mobilized and accepted an offer during the day of a detachment of five cutters carrying several surf boats and manned by 24 men from the United States Coast Guard, Base 4, New London, Conn. Breaking precedent, this detachment was placed under General Ladd's command and assigned to Commander Nelson W. Pickering, Commanding Officer, Connecticut Naval Militia (also president of Farrel-Birmingham Co., Ansonia, Conn.). By evening of the first day of military participation two battalions and special services for communications, subsistence and transportation were mobilized and sent to the aid of the police and relief organizations.

On "black Friday" as the flood waters mounted still higher, Lieutenant Colonel James L. Howard, retired, was invited by General Ladd to act as liaison officer between

Connecticut National Guard headquarters and Hartford authorities. Promptly, Colonel Howard perfected arrangements for the division of activities in patrol work, and during the entire emergency arbitrated successfully the many difficulties which arose. The Naval Militia and the Coast Guard under Commander Pickering took over complete control of the water front. Augmented by further mobilization of the 1st Squadron, 122nd Cavalry, 43rd Tank Company; 118th Veterinary Co., and the 118th Medical Regiment, the National Guard controlled the area east of Main Street and made contact with the Naval Militia along the line from Windsor to Wethersfield and, in addition, the flooded area centering on the Junction of Asylum and High Streets. Patrols were added later in the day in all business areas without lights. A field hospital was set up in the State Armory under the direction of the Commanding Officer, 118th Medical Regiment. Truck details totaling 68 units in all, were used for general distribution including transportation of refugees to centers established by the Red Cross and for distribution of materials and supplies for all relief agencies. The entire Third Battalion starting first with Company E in Manchester, was called out and ordered to duty in East Hartford. Detachments



Courtesy Hartford Courant

SCENE of havoc looking toward Colt's Patent Fire Arms Mfg. Co., from Wawarm Ave. after waters had started to recede.

were also sent to Warehouse Point, Glastonbury and Wethersfield. Company B and Medical Detachment, 169th Infantry were mobilized for duty in Middletown, bringing the total number of troops mobilized up to 1,500.

On Saturday, March 21, the First Company of the Governor's Foot Guard was mobilized to guard post offices and to act as hosts to the Naval Militia housed at Foot Guard Armory. Through the cooperation of Major General Fox Conner and the American Radio Relay League, an Army Radio Detachment was sent to assist in operating a number of the League's amateur stations for radio communication since both telegraph and telephone services had broken down. The 43rd Division Aviation was used for observation, photography and for general salvage work at Brainard Field. Planes were flown to Rentschler Field and much valuable equipment was taken to the State Armory prior to the breaking of the dike.

Throughout the period from Friday, March 20 until Saturday, April 4 when the National Guard units were

completely demobilized, with the exception of one company of 120 unemployed National Guardsmen, the morale, courtesy and discipline of all branches of the military was the subject of much favorable comment by individuals and officials. Guardsmen for a time worked 12 to 14 hours, oftentimes in a pouring rain, without relief. They patrolled business and factory areas, operated truck details, held traffic lines rigid against all cars without official passes to enter flooded areas and made themselves generally useful in assisting in many details of rescue and relief. The field hospital averaged but 7 to 8 patients with no serious illness or accidents. Most remarkable of all during this time of stress, only three incidents of clash with civilians occurred and in each case the soldier was exonerated since the civilian was attempting to force guard.

The Naval Militia and the Coast Guard forces operating along the waterfront under the command of Commander Pickering performed brilliantly under the most hazardous conditions. After a thorough survey of the perilous task of operating a rescue and relief service over the entire waterfront area (when there seemed to be no end to the front), Commander Pickering ordered the base of operations established to the east bridge head of the Bulkeley bridge. Operating from the large boats anchored there, smaller craft patrolled the watery areas of East Hartford evacuating people from the second stories of houses and taking them to the bridge. From that point they were taken across the dry portion of the bridge by trucks which had been stranded, and thence by boats through the Hartford streets to the dry area. A similar evacuating service, later turned into a patrol service was operated over Hartford's flooded streets.

The Militia also performed the hazardous task of rationing 30 men who had been marooned at the Dutch Point plant of the Hartford Electric Light Company. Food and water was transported by smaller crafts to the dry portion of Bulkeley Bridge and lowered from there into a Coast Guard patrol boat. Men climbed down fire ladders to the patrol boat. Once loaded the patrol boat started an errand of mercy towing a surf behind. Because the swift current made it impossible for the larger craft to tie up alongside of the power plant, all supplies had to be transferred to the surf boat and delivered by a crew of Naval Militiamen. After each delivery the smaller craft was picked up again by the larger patrol boat a short distance below the power plant. On two of these trips rescues were made. One man marooned on a box car was taken aboard; and on another trip six men were rescued when their boat was capsized.

As the waters began to recede and the problem of preventing former occupants of flood property from reentering their homes or business places, became paramount, the Naval Militia was assigned to prevent these returns as well as looting. In addition to patrol duty, wherein no one was permitted to enter the flooded area without proper credentials, the Militia cooperated with the Highway Department in clearing wreckage at the Middletown bridge. It also set up a system of communication whereby headquarters received reports of the passage up or down the river of Coast Guard patrols, tankers or barges, and advised the oil companies as to the probable time their leaky tanks could be pumped out. A check up of records at time of demobilization on Sunday, March 29 revealed only one case of serious injury and no cases of serious friction with civilians—a most remarkable performance in view of the unusually severe conditions under which the Naval Militia operated.

State troopers, too, were among the unsung heroes of the hectic flood days. Called together by Commissioner Anthony Sunderland at the first sign of impending disaster, they were mobilized at Hartford and sent out to do patrol duty over the entire flood area. Up and down the Connecticut and Farmington river valleys they rode warning families of their danger, and in countless cases assisted in rescuing families and livestock from swirling waters. During the height of the flood at Hartford the men were on constant patrol on both sides of the river from a point below Middletown northward to the Massachusetts state line. They worked in conjunction with other branches of the military, with local authorities, the State Highway department and in some cases took over policing and management of an entire community. Others acted as messenger boys when all other forms of communication except the amateur radio failed. Stories of individual valor have also been brought to the attention of Commissioner Sunderland through warm letters of praise.

The stellar performance of all branches of Connecticut's military during the recent flood calamity was a monumental accomplishment—one that should make every citizen proud of his state, every rank-and-file man proud of his unit and every officer jubilant that his past training efforts had borne a triumphant success.

While giving high praise for the splendid cooperation of authorities and civilians with the military General Ladd spoke in glowing terms of the fine spirit demonstrated by manufacturers in paying their Guardsmen and Militiamen employees full wage while on flood duty.

The Aftermath

Money for rehabilitation became paramount after immediate relief needs were met. Hartford business men under the leadership of Wm. R. C. Corson, president of the Hartford Steam Boiler Inspection and Insurance Company; Mayor Spellacy; Charles L. Taylor, president of Taylor and Fenn; Charles B. Cook, vice president, Royal Typewriter Co.; Morgan Brainard, president of the Aetna Life Insurance Co.; L. Edmund Zacher, president Travelers Insurance Company and Samuel Ferguson, chairman of the board, Hartford Electric Light Co., guaranteed a fund of \$100,000 as a "safety valve" for the banks who would make small character loans to needy merchants in amounts ranging from \$100 to \$1,000. An office was opened in the Phoenix Bank Building by the Hartford Clearing House Association to make the loans. Personnel to man the office was furnished by the cooperating banks.

The Reconstruction Finance Corporation rallied to Mayor Spellacy's call for the opening of a Hartford Office to take loan applications from those business men seeking financial assistance above \$1,000. Congressman Kopplemann after conversations with several groups on Sunday, March 22, returned to Washington and introduced an amendment to the R. F. C. Act to permit loans to flood sufferers on "easier terms" than previously available. The efficacy of the bill, as amended by other Congressmen, and just passed, is yet to be tested.

Flood control for the future is also being studied by army engineers, and is being debated in Congress and by commissions from several New England states.

The flood like other catastrophes ceases to be a topic of conversation except among those severely crippled by its ravages. With the hum of renewed activity the bitter of the past is gradually fading. Thus the human race carries on, building and rebuilding, on a scale more fitting to its needs.

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**HADFIELD, ROTHWELL,
SOULE & COATES**
Certified Public Accountants
Hartford Stamford

HENRY KNUST
Certified Public Accountant
Conn. and N. Y.
15 Lewis Street Hartford

Scovell, Wellington & Co.
ACCOUNTANTS AND AUDITORS
First National Bank Bldg.
New Haven
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**WOLVERINE MOTOR
WORKS, INC.**
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PRINTERS
**THE CASE, LOCKWOOD &
BRAINARD CO.**
Printers and Binders
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RECORDING INSTRUMENTS
THE BRISTOL COMPANY
*Recording and Controlling
Instruments*
Waterbury — Connecticut

TRANSPORTATION
**AMERICAN-HAWAIIAN
STEAMSHIP CO.**
Coast-to-Coast Freight Service
New York — Boston

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INC., LTD.**
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ECONOMIC PITFALLS IN THE SOCIAL SECURITY ACT*

By ALLEN W. RUCKER in collaboration with N. W. PICKERING

Editor's Note. This article sets forth in terse language facts about the Federal Social Security Act which will both astound and alarm any business man who believes in the continuation of private business for profit in this country.

FOR the purpose of paying insignificant monthly old age benefits to the 0.9%¹ of the population who will be qualified therefor in 1942, the Federal Government will, in the interim, collect from American business and some 59.5% of the gainfully employed workers approximately nine billion dollars.²

The magnitude of that sum can be grasped only by comparison.

It is roughly one-half the total reserves of all life insurance companies at the present time. It is almost three-quarters of the direct expense of the World War to the United States. It approaches 20% of the annual wealth production of the country. It exceeds by 50% the current total farm income in a single year.

To the nine billions collected by 1942 will be added each year amounts ranging from two billion to almost three billion dollars . . . by 1949 an aggregate of some 25 to 30 billion dollars will have been collected, a sum strangely near to the national debt and to the total savings deposits of the nation's citizens.

However praiseworthy the intent of old age-unemployment insurance, business cannot afford to be blinded to the implications of compulsory savings on so gigantic a scale. To aid in comprehending partially the possible effects of such deductions from the national income, three of those implications are here briefly examined:

1. The potential dictatorship which can be exercised upon the capital markets and the flow of investments into the heavy industries by a nine to 30 billion dollar fund in the hands of a Leftist or Socialistic administration;
2. The grave and destructive inequalities inflicted upon industry by the apparently equal payroll tax;
3. The distortion in price and wage relationships, and hence the interference with industrial production, arising from the inevitably higher labor costs compelled by the payroll tax.

Centralized Wealth Control?

Section 807-a of the Act requires that proceeds of the payroll tax collections shall be paid, not, as is often supposed, into a special fund, but into the Treasury of the United States as internal revenue.

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¹ The Act (Section 210-b) restricts benefits to some 59.5% of employed persons; of those now between 55 and 59 years old, about 1.1 millions will reach age 65, or 0.9% of the total population.

² The annual wage and salary payroll of industries and trades affected is estimated at about 30 billion dollars—the tax ranges from 1% in 1936 to 9% in 1949—collections will approximate nine billion dollars by 1942.

Thence, from the Treasury (Section 201-a) there is to be appropriated to the "Old Age Reserve Account" only such part of the tax collected as may be an "amount sufficient as an annual premium to provide for the payments required under this title * * * to be determined upon a reserve basis * * * and upon an interest rate of 3 per centum per annum compounded annually."

Thus, any excess of collections over premium requirements may be used for any purpose to which Congress may care to appropriate the funds, even though American workers and American business paid those funds for a single, specific purpose.

Likewise, any deficiency in the fund (the usual experience with Government enterprises) can be made up by appropriations from the Treasury without the political hazards of directly increasing the payroll taxes on the salaries and wages of some 30 million citizens.

It is thus evident that the enterprise is not to be conducted under the rigid "make-good" requirements of private insurance companies, but instead may recoup its losses by ready recourse to the public purse.

That, however, is the least fearsome feature of the Act. Section 201-b concerning the investment of funds transferred to the Old Age Reserve Account simply bristles with implications of the gravest nature, thus:

"It shall be the duty of the Secretary of the Treasury to invest such portion of the amounts credited to the Account as is not, in his judgement, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed * * * by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Loan Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Account. Such special obligations shall bear interest at the rate of 3 per centum per annum. Obligations other than such special obligations may be acquired for the Account only on such terms as to provide an investment yield of not less than 3 per centum per annum."

The meaning of this section is very plain: The Secretary of the Treasury must invest the "Account" funds only in government securities; there being not enough for the purpose, the Government may issue the needed amount at 3%, or the Secretary may go into the market and buy them, but only at a price which will yield 3 per cent per annum.

The possibilities of these provisions must be as thrilling to the originators as they are staggering to industry and labor. They can only be touched upon here:

1. With the nation's banking system overloaded with Governments bought to yield less than 3%, the book value of such assets can be substantially lowered at any time the Treasury cares to bring down the market to a 3% yield in order to acquire U. S. bonds

for the "Account." Under the Act the Treasury may buy outstanding issues but only "on such terms as to provide a yield of not less than 3%." Little wonder that forward-looking banks are heavily increasing the amount of their surpluses, even though a reduction in capital is thereby necessitated.

2. With the "Account" and/or the payroll tax destined to absorb every year amounts double the normal annual increase in savings banks deposits, and virtually equal to the total annual life insurance premiums, these two major sources of funds for industrial expansion are certain to dwindle to almost the vanishing point. One cannot grasp readily the implications of this situation in their fullest degree. If, however, the nation is now saving to the best of its ability and those savings are diverted to the United States Treasury, by whom and under what conditions will industrial expansion be financed in the future? And who will dictate industrial policy?
3. With the Government enabled to issue and then "buy its own bonds from itself" what becomes of the money collected in payroll taxes by the Treasury? Under the provisions of Sections 807-a and 201-a-b, the Federal Government will in time have and own both the bonds and the money! The finite mind finds it difficult to grasp the significance of this situation; the following discussion is merely suggestive.

Under section 807-a payroll taxes go into the Federal Treasury as internal revenue; under Section 201-a the Treasury transfers the funds to the Old Age Reserve Account as a necessary Federal expense; under Section 201-b the "Account" must buy only U. S. Government obligations. The Government is then empowered to issue 3% bonds especially for the "Account" and thus by process of exchanging bonds for money, bring right back into the Treasury the "savings" of American industry and labor impounded by the payroll tax. That is point number one.

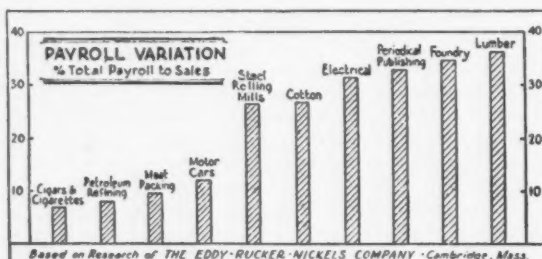


Chart I

The second point is: By such means the entire proceeds of payroll taxes are potentially available for whatever expenditures a spendthrift Administration may conceive and a willing Congress approve. The annual amount thus at hand for the Federal expense account will range from one billion dollars in 1937 to almost three billion dollars a year by 1949.

It is no wonder that there has been so little genuine concern about the unbalanced Federal budget and the astronomical proportions of the Federal debt. Payroll tax collections can be used to bolster up Federal revenues via bond sales to the Old Age Reserve Account while at the same

time bond purchases of the Old Age Reserve Account can be used to apparently "retire" the Federal debt. The liability represented on the Federal balance sheet by outstanding bonds is cancelled in whole or part by the "assets" of the Old Age Account which belong to the "Government." The Government owns its own debt; hence it will be argued, there is no debt to be repaid.

The potentialities of such a situation are numbing to the senses. Under the Act it is not only possible but virtually required that the Federal debt be continuously expanding to provide investment for the funds of the "Account." (Sec. 201-b.) That means a permanently unretirable debt and a permanent market for Federal bond issues. Industry and labor are compelled to save and then compelled to

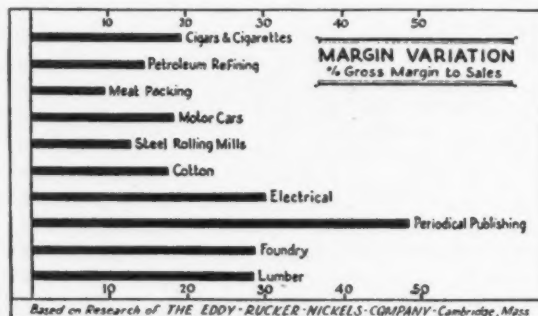


Chart II

invest the savings in Government debt which can never be liquidated.

This is the law as prescribed in Section 201-a-b and 807-a of the Federal Social Security Act.

By this compulsory issuance of new debt, by imminent concentration in Federal hands of nine to 30 billion dollars representing almost the total savings of the nation for the next fifteen years, there is brought about a centralization of wealth control, and potential dominance of credit by a bureaucratic government which would make John Law writhe in his grave.

Nor is that more than the beginning. The destructive inequalities of the innocent-looking and apparently equal payroll tax are equally as formidable.

Unsound Tax Methods

By the provisions of this Act, a firm located in New England may be required to increase prices or sales volume from twice to four times the amount needed by a Southern or Western competitor, in order to absorb the payroll tax to be levied.

That tax burden will be two and one-half times greater upon the cotton industry than upon the cigarette industry; the foundry industry will carry a load almost twice as great as the oil industry; the steel industry will stagger under a burden almost four times that of the periodical publishers.

Such inequalities arise from the fact that two variables determine the amount of the tax, relative to ability to pay:

1. The percentage which payrolls bear to total sales, which percentage varies enormously among the several industries (See Chart I); and

2. The percentage of gross margin remaining after payrolls, materials and prime manufacturing expense have been deducted from sales income. Gross margin is, of course, the only income available for payment of selling, administration, depreciation, depletion, inventory losses, capital charges, profits, and taxes. It, as well as payroll percentages, varies widely among the different industries. (See Chart II.)

The employer's share of the payroll tax must come out of gross margin. Therefore, the *percentage* of gross margin absorbed by that tax is of paramount importance. The apparently equal payroll tax absorbs as little as one percent of gross margin in some industries as compared to 10 and 12 percent in other industries, or even higher in particular instances.

The circumstance of being engaged in the machinery business instead of the motor car industry, is the simple turn of fortune by which one is taxed twice as much as the other, relative to ability to pay.

The amazing shrewdness or fearful bungling by which a tax was based upon a combination of variables instead of upon actual income or ability to pay, exerts fearful pressure upon such basic industries as rail transportation, coal, building, lumber, foundry, steel and textiles.

The table on this page shows, for the common gross margins to sales and payroll to sales percentages, the percent by which current prices or volume must be increased if the Federal payroll tax is to be absorbed without diminution of present income.

A quick review of the wide differences between the payroll and margin ratios of different industries, different firms in the same industries, and the same firm at different times—coupled with the appended table—will reveal the extent to which prices must be increased at unequal rates, or sales volume raised by unequal amounts, by competing industries and firms. It is evident that the task of producing increased income from which to pay the tax falls heaviest upon:

- (a) Industries whose gross margins are a low percentage of sales;
- (b) Industries whose payrolls are a high percentage of sales;
- (c) Industries where a high percentage of firms, often more than 60%, do not earn a taxable profit even in normal times;
- (d) Industries where long-term unemployment trends have been in evidence prior to the current depression; notably textiles, railroads, coal, building, etc.

In all such industries and firms, if not in most others, the fearful inequality of the payroll tax as now decreed, can only intensify and aggravate the very conditions leading to unemployment and insecurity at all ages.

If taxation relative to ability to pay is a sound guiding principle, this Act is a flagrant violation thereof destined to create fundamental changes in American business.

Price Distortion Multiplied

The distortion of price and wage relationship now widely existing is the most pernicious influence in retarding industrial activity and re-employment of idle labor. The Act is certain to distort those relationships still more.

A tax on payrolls ranging upward from 4% in 1937 to 9% in 1949 and thereafter can come only from two sources in practical business operation:

- (a) It must be deducted from the current wage rate

by refusing to advance wages with prices or depressing them at current prices; or,

- (b) It must be added to the price of goods.

Probably a combination of the two actually will take place. The effect, however, is the same—a deduction from current purchasing power. That is an extremely serious consequence, for the total employment varies directly with the physical quantities of goods produced, distributed and consumed.

Physical volume inevitably diminishes as the distortion between price and wage relationships is aggravated. Indeed, it is just that thing which creates the problem of Social Security and gives rise to a public demand for old age benefits and unemployment insurance.

If the productivity of the nation's business and employment of its labor are curtailed by unsound tax methods, social *insecurity* will be manufactured at a rate which no fund, however large, can hope to alleviate.

An Anti-Security Act

Viewed in the light of its potential as well as certain economic consequences, the Federal Social Security bill is the most fearsome legislation ever enacted by an American Congress.

SALES INCREASES NEEDED TO OFFSET PAYROLL TAXES

Per Cent of Payroll to Sales	Gross Margin after Prime Costs—Per Cent of Sales																		
	5 0	7 5	10 0	12 5	15 0	17 5	20 0	22 5	25 0	27 5	30 0	32 5	35 0	37 5	40 0	42 5	45 0	47 5	50 0
2 5	2 04	1 35	1 01	81	67	50													
5 0	4 17	2 74	2 04	1 63	1 35	1 01	81												
7 5	6 30	4 17	3 06	2 46	2 04	1 52	1 10												
10 0	8 70	5 63	4 17	3 31	2 74	2 04	1 63	1 35											
12 5	11 11	7 18	5 26	4 17	3 45	2 74	2 04	1 63	1 35										
15 0	13 64	8 68	6 38	5 04	4 17	3 45	2 74	2 04	1 63	1 35									
17 5	16 28	10 29	7 53	5 93	4 80	3 63	2 82	2 04	1 63	1 35									
20 0	19 03	11 94	8 70	6 84	5 63	4 17	3 31	2 74	2 04	1 63	1 35								
22 5	21 82	13 64	9 90	7 70	6 38	4 80	3 63	2 82	2 04	1 63	1 35								
25 0	25 00	15 38	11 11	8 70	7 18	5 63	4 17	3 31	2 74	2 04	1 63	1 35							
27 5		17 10	12 36	9 63	7 91	6 38	4 80	3 63	2 82	2 04	1 63	1 35							
30 0			13 64	10 29	8 70	7 18	5 63	4 17	3 31	2 74	2 04	1 63	1 35						
32 5				12 36	9 63	7 91	6 38	4 80	3 63	2 82	2 04	1 63	1 35						
35 0					10 29	8 70	7 18	5 63	4 17	3 31	2 74	2 04	1 63	1 35					
37 5						8 70	7 18	5 63	4 17	3 31	2 74	2 04	1 63	1 35					
40 0							6 38	4 80	3 63	2 82	2 04	1 63	1 35						
42 5								4 17	3 31	2 74	2 04	1 63	1 35						
45 0									2 74	2 04	1 63	1 35							
50 0																			

SALES Increases Needed To Offset Payroll Taxes

For the purpose of paying trifling monthly old age benefits to a portion of the population which, at the peak (about 1975), cannot greatly exceed 1.5%³, this Act commands business and labor to:

1. Divert annually the bulk of the nation's future savings from normal investment and insurance channels into the Federal Treasury;
2. Deliver into Federal hands the power to control both the nation's credit and the value of its prime investments;
3. Acquiesce in perpetually expanding the Federal debt and assent to the surrender of savings for the support of possible multiplied Federal extravagance;
4. Submit to a tax levied entirely without regard to ability to pay and grossly unequal among the different industries as well as among firms in the same industry;
5. Bow to a compulsory deduction from purchasing power that can only distort price relationships still

(Continued on page 23)

³ Of eleven million persons now aged between 20 and 25 years, only 65% are normally employed at all. Of the total employed, the Act (Sec. 210-b) excludes all but 4.29 millions. By 1975, according to present mortality tables, death will have reduced this 4.29 millions to 2.36 millions or 1.5% of the population at that time.

RESEARCH FOR NEW PRODUCTS

By H. R. GOGAY*

President, American Merchandising Service

Editor's Note. This is the first of a series of articles on various phases of marketing written by a man who has had more than 15 years' experience in this phase of business as well as many years' experience in manufacturing. Questions arising either from the reading of this article or future ones in the series, will be answered by Mr. Gogay in the columns of *Connecticut Industry* if queries are addressed in care of the editor.

AS A result of the happenings of recent years, nothing stands out more fundamentally characteristic than the element of change. In the rush of everyday work one is apt to overlook the extent and the profound nature of these changes. For they are profound, as they are changes in *thought* even more than in material conditions.

Restricting one's view to the field of business and from the standpoint of business, the drastic changes in the economic status of the consumer have brought about correlative changes in needs, desires, and above all in buying habits. Like a pebble tossed into water, these waves of change of thought radiate in all directions and bring to the executive's desk numerous and varied demands for new products and changes in old products. And at the same time they also bring many suggestions for these new products. In fact, such a condition of mental change and flux presents almost unlimited possibilities to coordinate one's product with the new and modified needs so created.

The problems of this situation, however, are new to many executives, and many who have given consideration to the subject do not realize the number of phases the problem presents. When a new product comes up for consideration, the immediate and natural reaction is, "Can we make it?" meaning thereby, have we the necessary equipment and knowledge. Unfortunately in many cases, serious thought is not carried much beyond this. And so, acceptance or rejection of the new product is based on possessing or not possessing the necessary equipment. A much more important and vital question is, "Can we sell it?" This question should come first. It should also be broken down into two phases; (a) is there a demand for the article? (b) can we sell it *through our present sales outlets, and with our present sales force?*

There is no sense in making something for which there is little or no demand, or for which one has inadequate selling facilities.

This article and those which follow will outline the necessary and major factors which should be given consideration in all cases where new products are concerned. The importance of any one of these factors varies with different products, but they are all sufficiently important to warrant and need study and consideration.

These problems may be most simply presented in the

form of questions, of which the following is a list set down much in the order in which they should be studied.

- 1—Is there a consumer need for such an article?
- 2—Is there a consumer demand?
- 3—What is the number of possible customers?
- 4—Where are they located?
- 5—What is the attitude of possible customers towards the product?
- 6—What is the attitude of trade if product is to be sold through jobbers and dealers?
- 7—What is the competition that must be faced?
- 8—What is the price that must be secured to make a profit?
- 9—What are the distinctive features of product as compared with other product that consumers are now using in its place?
- 10—What are the sales and distribution methods that afford the best chances for initial success?
- 11—What are the later methods of sales and distribution if the first are likely to be superseded?
- 12—What is the form that goods must take as to quantity or unit sold, package, trade mark and so forth?
- 13—What is the profit necessary to jobber, dealer, or commission to salesman?
- 14—What type of sales promotion methods should be used?
- 15—What capital is required to finance the project?

For the purpose of clarity and understanding consideration of the phases of each question is given in the sequence previously mentioned.

1—*Is there a consumer need for such a product?*

At the outset it is important to note that there is a vital difference between a consumer need and a consumer demand. Demand is always based on a need, but there may be a real need without a demand simply because people do not know of the product filling that need.

The analysis of the need itself is important. Is the need rooted in utility or what may be termed usefulness, or is it in that class of goods called style goods? And here again a distinction should be drawn between the terms style and appearance. Style is a quality that is essentially temporary; appearance embraces something more than style and is a permanent quality of the product. Of all the factors involved, the factor of need is by far the most important. It enters into every phase of the inquiry and is frequently the deciding element.

2—*Is there a consumer demand?*

As we have seen from the preceding paragraph, demand is based on need, so that in the case of a completely new product this can only be estimated. In the case however of a product that is already being marketed the demand can be measured by the usual methods of research. It is important to note whether the demand is at the beginning, at the crest, or declining. Many products are brought to the attention of executives at a stage where demand is declining, or where a change in appearance or design is necessary to maintain sales. It is important to know present demand, but is far more important to be sure of the *future demand trend*.

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3—*What is the number of possible customers?*

This question is not synonymous with demand, or with sales volume. Its importance depends largely on the type of product. If the article is of universal use, it is only necessary to establish the fact that it is of universal use, bringing in however in the calculations the modifications of age, sex, economic status, and other factors.

If the need for the product is confined to a restricted class, then the number of possible customers is of vital importance. For example, the need and demand for wooden legs is confined to the relatively small number of people who have lost limbs. This question should only be tackled after the need has been studied. It is often amazing how drastically the number of possible customers is cut down by a thorough study of the need for the product.

4—*Where are possible customers located?*

This is important when the time comes to consider advertising, sales promotion methods, sales plans, and sales organization. Are they concentrated in cities, or scattered in rural districts? Or, are they spread all over? The answers to the various phases of this question may determine the wisdom of accepting or rejecting an article of merit for which there is a real need and demand.

5—*What is the attitude of possible customers towards the product?*

This is exceedingly important and involves a study of the sales resistances that the product will meet. It also involves the factors of age, sex, race, creed, physical condition and so forth. Upon answers to this question will depend the sales presentation.

6—*What is the attitude of trade if product is to be sold through jobbers and dealers?*

This question involves more than price and discounts. First in line is the trade's opinion as to whether the product is saleable. If so, to what extent? Will it interfere with existing established lines? If so, policies are involved. Can it be sold by existing sales forces? These and many other questions bob up and should be answered definitely.

7—*What is the competition that must be faced?*

This is probably the most complicated element listed. Price is not the only factor. Here again present competition in the market is one thing, future competition is another. If the product is a new one and is likely to displace existing products, increasing competition will arise from those products fighting to maintain their position. If it is an improvement of an existing product, competition will arise from improvements in those products. The character of the sales methods, sales organizations, advertising and promotion methods of competitors are all vital elements. The important thing is to realize that present competition is usually not a reliable measure of future competition. We have met with a large number of cases where improvements on existing products and articles have been held back as an insurance against future competition.

8—*What is the price that must be secured to make a profit?*

The only safe method in handling this question is to work back from the market. Establish the price that the consumer will buy in volume and plan production and production costs accordingly. At this stage of the inquiry usually quite a lot of hope often enters into calculations. Hope has no place in research. The price that the consumer will pay can be closely calculated from the character and intensity of the need, the present or potential demand and present or potential competition.

9—*What are the distinctive features of the product as com-*

pared with other product that consumers are now using in its place?

In the present stage of market change and consumer desire for new things, this question is daily growing in importance. It involves not only those distinctive mechanical features relating to use, but its appearance, its style, its eye appeal. Regardless of its quality, of its usefulness, a new article or product, is almost foredoomed to failure if its appearance is not in harmony with current style trends. Let those who are chained to the old traditions of "rugged" quality and "efficient" use, consider for a moment the profound change of social thought that now accepts as commonplace the smoking by women in public, their drinking at bars with men, with their foot on the rail, lipstick, rouge, dyed hair and all the other etceteras. We may not approve, we may not like these things, but they are the facts of the situation which no manufacturer dare ignore. Style, appearance, eye appeal, are now vital influences in the making of sales, of both new and old products.

10—*What are the sales and distribution methods that afford the best chance for initial success?*

From the standpoint of finance, of profit, this is a critical point of the inquiry. Selling costs in many cases are even more important than production costs when it comes to meeting competition and making a profit. If the new product is closely analogous to those already being manufactured and sold, the problem boils down to a proper sales presentation. If however, it appeals to a different market and is logically sold through outlets different from those contacted by manufacturer the problem becomes complicated. It then becomes a question as to whether it is wiser to abandon the project, or wait until a group of analogous articles can be formed. There are few products that can support a separate and special sales organization. The point to note here is, that the work of formulating sales plans and estimating selling costs is just as important as estimating tool costs and production costs. And it may be helpful to mention that while carefully prepared estimates of production costs have a tendency to be reduced, selling costs have the uncanny knack of increasing.

11—*What are the later methods of sales and distribution if the first are likely to be superseded?*

The degree of definiteness with which sales plans and methods can be outlined at the beginning, depends partly on the novelty of the new product, and the amount and carefulness of the research work done. It sometimes happens that the nature of the product and existing conditions call for two distinct stages of sales promotion, the initial and temporary, and the final and permanent. It is sometimes less costly to proceed in this manner; it is sometimes necessary to follow this course regardless of cost. The point to note is that one can often map out a trial period as a preliminary to inaugurating a permanent campaign involving heavy expenditures.

12—*What is the form that goods must take as to quantity or unit sold, package trade mark and so forth?*

In view of the change in the buying habits of the consumer which has and is taking place it is not always wise to accept current custom and practice in the elements of this section. It is well to bear in mind that many manufacturers may be and probably are considering the problem of package change, unit of sale and analogous factors. Follow the leader is not as good a rule as it used to be.

(Continued on page 18)

NEWS FORUM

RFC Office Opens in Hartford. Representatives of the Boston Loan Agency of the Reconstruction Finance Corporation have recently opened an office in Room 328, Federal Building, Hartford, to receive applications for loans to cover flood losses, from commercial and industrial establishments and home owners in the Hartford and other eastern Connecticut areas affected by the March flood. From conversations with Daniel MacLean, in charge of the Hartford office, it was learned that headquarters will be maintained in the capital city just so long as there seems to be any demand for loans from flood sufferers. To date (April 17) over 65 preliminary loan application blanks have been given out to commercial and industrial establishments, and ten of them asking for loans of \$74,200 have been returned and are in process of examination.

★ ★ ★

Income Tax Increase. Receipt from Federal Income Tax collections covering the first quarter of 1936 showed an increase of 28 percent in Connecticut over the corresponding period in 1935, while the increase for the country as a whole was slightly under this figure.

★ ★ ★

Officials Changed at Homer D. Bronson Company. At its recent annual meeting, the Homer D. Bronson Company of Beacon Falls, Connecticut, named Carlisle B. Tuttle as chairman of the board in addition to the post of treasurer which he has held for some years past. At the same time William P. Arnold was made president of the company. The Homer D. Bronson Company is one of the largest manufacturers of continuous hinges in the United States.

★ ★ ★

Riots in Danbury. Six persons were arrested on April 15 in connection with riots at the homes of workers employed at the Hoyt-Messenger Hat Company on the night previous when six persons were injured. Two homes of workers were besieged with the bombardment of rocks and sticks injuring four persons severely about the head and scalp. It was the most serious outbreak since more than 150 workers of the Hoyt-Messenger Company walked out 3 months ago in protest to an announced plan to install labor saving machinery. The workers attacked were among the 30 who had been employed by the company to replace those on strike.

★ ★ ★

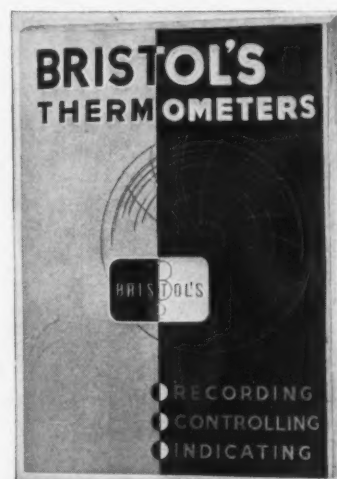
Southern New England Gains Nearly 800 Phones. With net gains in some 75 percent of all exchanges, indus-

trial communities leading, the Southern New England Telephone Company has recently reported a February increase of 783 stations, or the largest since September and the best February showing since 1930. The gain of 1,471 stations during this year compares with 643 gained in the first two months of 1935; and the 305,423 stations in service on March 1, 1936, compare with 294,726 on the first of March, 1935.

Hartford led all districts with a gain of 383 stations.

★ ★ ★

Bristol Publishes New Thermometer Catalog. The Bristol Company, Waterbury, Conn., announces the publication of a new thermometer catalog, containing 88 pages



FRONT cover new thermometer catalog just published by the Bristol Company, Waterbury.

of timely and useful information concerning the theory and practice of modern-day thermometry. This catalog, No. 1250, covers Liquid-Filled, Vapor-Tension, and Gas-Filled Recording, Indicating, and Controlling Thermometers. It also describes a new interesting Small-Bulb Gas-Filled Thermometer. In connection with Automatic Temperature Controllers, it gives information regarding both the electric and pneumatic types, and helpful sketches to

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illustrate how they are applied. As an addition to this, application data are given on industrial stem thermometers, resistance thermometers, humidity measuring instruments, control valves, time-temperature controllers and the accessories that are used with thermometers on industrial applications. In order to enhance the value of the catalog as an engineering hand book, over 500 temperature recording charts, the most complete listing ever published, are illustrated in full size.

This catalog, printed in the form of an engineering reference book, was published at the urgent request of many of the thousands of users of Bristol's Recording and Controlling Thermometers who have felt the need of more complete information on the important subject of managing temperature in industrial appliances.

Scovill Shows Increased Profits. Net profit of the Scovill Mfg. Co., during 1935 increased about \$327,000 from \$730,576 to \$1,057,285 for the year ending December 31, 1935, compared with the previous year, according to the company's annual report.

Net operating income, before deductions, increased about \$418,000, from \$4,691,158 to \$5,109,099 for the period; and balance added to surplus increased about \$327,000, or from \$730,576 to \$1,057,285. The net balance at the end of the year was increased approximately \$446,000, or from \$1,910,323 to \$2,356,815.

The company's assets were listed at \$39,988,708, a gain of about \$1,400,000 compared with a year ago.

President Edward O. Goss stated in the foreword to the annual report that net sales for the year showed an increase of about \$3,500,000, or from \$20,320,991 in 1934 to \$23,887,883 in 1935. This and other data in the report indicate that the company is again entering a period of prosperity, after dipping into surplus to pay dividends and maintain employment. The company's earnings for last year represented for the first time in 5 years a sufficient amount to equal dividend payments.

Production Up at the Seth Thomas Company. A general comeback in Connecticut's clock industry was made evident last month by an announcement from the officials of the Seth Thomas Clock Company showing that production at the Thomaston plant has been materially increased and that progress was being made in absorbing activities of the recently acquired Stromberg Electric Company of Chicago. The Seth Thomas plants, subsidiary to the General Time Instruments Corp., are already manufacturing part of the products formerly produced in the Chicago factory, according to S. E. MacDonald, secretary and treasurer of Seth Thomas.

Minor changes are being made to accommodate machinery and equipment, and by the end of the current year, it is expected that the entire Stromberg business will be operating in Thomaston.

Raybestos Earnings. At the annual meeting of stockholders of the Raybestos-Manhattan Company, of Bridgeport, held in New York early in April, Sumner Simpson, president, revealed that the company had earned 39 cents a share during the first two months of this year, and estimated profits for the first quarter as approximately 60 cents. He also revealed that net income was running at the annual rate of \$2.50 a share. A year ago the company earned 48 cents a share during the first quarter or 12 cents less than for the same period in 1936.

McKesson Buys Distillery. McKesson and Robbins Inc., of Bridgeport, manufacturers of drugs and distributors of wine and spirits, has recently entered into a contract for the purchase of the principal assets of the Hunter Baltimore Rye Distillery Inc., the holder of the majority stock of which has been Phoenix Securities Corp. Assets are said to consist, in the main, of the distillery located at Gwynnbrook, Md., the blending plant in Baltimore, together with the bulk and bottled inventory, trade names, trade marks and good will.

Liquor sales by McKesson & Robbins, Inc., in 1935 were in excess of \$20,000,000. The rate of sales for the first quarter of this year, according to officials, indicates a large increase in total sales for 1936 over 1935.

Death of Joseph D. Sargent. Funeral services for Joseph Denny Sargent, 75, of 130 Cold Spring Street, New Haven, who died Wednesday, April 8, at the home of his daughter, Mrs. James William Hinkley, 3d, in Hurley, Ulster County, New York, were held at 4:30 P. M., April 10, in St. John's Protestant Episcopal Church, Orange and Humphrey Streets, New Haven. Burial was made in the Evergreen cemetery.

Born in New Britain, August 8, 1860, son of Joseph Bradford Sargent, founder of Sargent and Company, Mr. Sargent completed his entire education in New Haven leaving the Sheffield Scientific School in 1880, before completing his course, in order to enter his father's business. Because of his demonstrated business success his class at Yale conferred on him the Ph.B. degree at its 25th anniversary reunion. From 1901 until his retirement he was a director and active official of the company, and retained his directorship until his death.



Scovell, Wellington & Company

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Shelton Tack Anniversary. The Shelton Tack Company of Shelton, Connecticut, oldest tack manufacturing establishment in the world in continuous operation, is this year celebrating its first century in business. During the first 13 years of its operation (from 1836 to 1849) tacks were literally "worth their weight in gold," for on the West Coast a pound of gold bought a pound of tacks. Since gold was current at sixteen dollars an ounce (the rate of exchange established in September, 1848), the tacks actually cost \$192.00 a pound, believed to be the all-time top price.

Since the company was founded originally in Birmingham (now Derby) in 1836, and later removed to Shelton in 1871, the growth of its business has been continuous. In 1923 Franklin Holland, formerly associated with the Stanley Works of New Britain, Conn., and J. Monroe Holland, acquired the company's assets, continuing the expansion program by purchasing other companies and adding new lines. Today the Shelton Tubular Rivet Company, a subsidiary, enjoys an enviable reputation for quality and service in the automotive and rivet field. Recent acquisition of another plant has given Shelton the distinction of being the only manufacturer of celluloid head thumb tacks in America. The latest expansion was last year when the company added another story to its front building to accommodate increased operations. It now produces tacks, nails, glazier points, copper tacks and nails, double point tacks and staples, and tubular, bifurcated and solid rivets. The business is now being carried on by Herbert S. Holland and Howard E. Holland, sons of Franklin Holland.

Strike at Grosvenordale Unsettled. A strike involving 1,700 workers in two mills of the Grosvenordale Company, which started over the refusal of employees to accept a 10 percent wage cut, is still unsettled as we go to press, (April 17) after several conferences between labor representatives, management and representatives of the State Labor Department and the State Board of Arbitration.

The Grosvenordale Company, operating one of New England's largest cotton mill properties, is said to own 45 percent of the property in the town of Thompson, in which the villages of Grosvenordale and North Grosvenordale are located.

Stanley Works Buys New Site. The Stanley Works of New Britain, Connecticut, has recently bought additional property on the Farmington River at Poquonock according to a report made public by the Windsor reporter of The Hartford Times. It is understood that the company has thus far made no immediate plans for development.

New Concern for Bridgeport. The Bridgeport Brass Company announced on March 28 the sale of its thermostat and bellows division to the Bridgeport Thermostat Company, recently incorporated under the laws of Delaware with a capital of \$750,000. The new company expects to employ about 500 persons. It will manufacture thermostats, hot water heaters and temperature control devices for automobiles as well as allied appliances.

Attempt to Reorganize B. & W. Company. Representatives of the Beardsley and Wolcott Co., of Waterbury, recently requested Judge Carroll C. Hincks of the United States District Court to vacate a previous liquidation order at a hearing. Counsel for the Waterbury firm announced it would receive a new loan of \$25,000 from the RFC and that this amount would be sufficient to aid in the proposed reorganization of the company. This is the second time that an attempt has been made to reorganize the concern. After the first effort had failed under the Federal Bankruptcy Act Judge Hincks had issued a liquidating order.

Drop in Cost of Hand Set Phones. According to a recent announcement by the Southern New England Telephone Company, subscribers who have handset phones currently in service and who have paid the 15 cent monthly handset charge continuously for 36 months or more prior to May 1, 1936, will no longer find such charge appearing on their telephone bills. According to Mr. Brooks,



who made the announcement, the company is able to modify the charge for handset phones because of the recent reduction in the cost of manufacturing the instruments and also because of a moderate improvement in business which the company has experienced in recent months. This move, Mr. Brooks explained, was in accordance with the policy of the Bell Telephone System of which his com-

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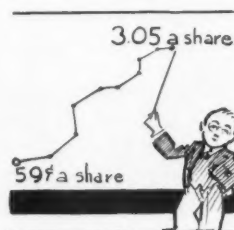
BRISTOL'S

THE BRISTOL COMPANY, WATERBURY, CONNECTICUT

pany is a part, "to furnish the best possible telephone service at the least possible cost, consistent with financial safety and fair treatment of employees."

Acme Shows Increased Earnings and Sales. The Acme Wire Company of New Haven recently reported earnings of \$3.05 a share for 1935, or \$176,447 on 57,750 shares of \$20 par common stock, which compares with 59 cents, or \$34,345 in 1934. Both figures were taken after deducting depreciation, federal and state income taxes and other charges.

In his statement to stockholders, President Thomas G. Nee said that cash and cash items of the company had increased in 1935 and at the end of the year represented 41 percent of the total capital, while cash and receivables



represented more than 50 percent of the capital stock. The ratio of cash to total current liabilities, he pointed out, was 3.06 to 1 at the end of the year while the ratio of total current assets to current liabilities on the same date was 8.04 to 1. Consolidated net income for Acme Wire and subsidiaries shows profit from operations of \$304,354 before depreciation and gross income of \$310,662 after addition of income credits.

Bonus at Fafnir. About 120 Fafnir Bearing Company employees recently received the cheerful news that they were to fall heir to a bonus of $5\frac{1}{2}$ percent or more of their wages during the first quarter of 1936, which continued the custom of last year when the company paid bonuses of from five to eight and one-half percent after each quarter.

New York Holds Employment Insurance Invalid. The unemployment insurance law of New York state was recently declared unconstitutional by Supreme Court Justice Pierce H. Russell. An appeal was made immediately after the decision was handed down by Attorney General John J. Bennett, Jr.

In handing down his opinion Justice Russell said: "It is my opinion that the compulsory contribution by an employer to be paid as an unemployment insurance benefit to an employee of another is without validity under our present system of government and constitutes unwarranted, unreasonable and arbitrary transfer of the property of one to another in violation of the due process clause of the Constitution."

Belding Makes New Acquisition. The Belding Hemmway Corticelli Company of New York with factories in Putnam and New London, Connecticut, has recently purchased all capital stock of the Bedford Weaving Cor-

poration, as a step in consolidation with Klein Bros. The Bedford mill, operating 120 automatic looms and 6,000 spindles at Bedford, Virginia, has been in operation since May, 1935.

Officers of the corporation under its new ownership are R. C. Kramer, chairman; Adolph H. Klein, president; Max Bornstein, vice president; J. P. T. Armstrong, treasurer; and G. F. Ferris, secretary. Under the consolidation there will be no change in the Belding firm's name and R. C. Kramer will continue as president. Adolph Klein, vice president, was placed in charge of the fabric division, and Frederick Klein as an operating executive.

Kelley to Address State Chamber. Cornelius Francis Kelley of New York, president of the Anaconda Copper Mining Company, will be the principal speaker at the 37th annual banquet of the Connecticut Chamber of Commerce to be held on the evening of Tuesday, May 26, in the ballroom of Hotel Bond, Hartford.

Governor Wilbur L. Cross is scheduled to be in attendance and will speak for the State, while Mayor Thomas J. Spellacy has been named by the committee on speakers to welcome the gathering on behalf of the City of Hartford.

The committee on speakers includes the following: Albert E. Lavery of Fairfield, president of the State Chamber and vice president of the Bridgeport Hydraulic Company; Willis H. Booth, vice president of the Guaranty Trust Company of New York; John F. Rolfe, publisher of the Hartford Times; and John B. Byrne, president of the Hartford-Connecticut Trust Company.

Rossie Velvet Adds Workers. With the adjustment of labor difficulties completed late in March, Rossie Velvet



Company immediately started a second shift with 14 persons. Additional hands are to be added, it is understood, as rapidly as possible.

American Mutual Dividend. A dividend of 20 percent, payable on all policies expiring during the period from May 1 to May 31, 1936, has been declared by the American Mutual Liability Insurance Company. This is American Mutual's 571st consecutive dividend of 20 percent or more. During the past nine years American Mutual has advertised in *Connecticut Industry* to reach industrial prospects in Connecticut.

Miss Wood's Figures Show Industry Has Done Share. In a recent statement announcing that 84,000 men and women who are able to work in Connecticut are without jobs, Miss Helen S. Wood, director of the United States Employment Service commented as follows:

AMERICAN MOTORISTS

FINANCIAL STATEMENT

JANUARY 1st 1936

ASSETS

		Percentage of Total
Cash in banks	\$1,147,095.34	20.11
U. S. Government bonds	2,502,219.96	43.87
State, county and municipal bonds	809,757.77	14.20
Public utility and other bonds	200,618.68	3.52
Stocks	210,518.75	3.69
First mortgage loans on real estate	255,477.40	4.47
Real estate	107,900.00	1.89
Premiums in transmission	418,020.37	7.33
Accrued interest and other assets	52,006.99	.92
Total cash assets	\$5,703,615.26	100.00

LIABILITIES

Reserve for Losses	\$2,393,878.00
Reserve for unearned premiums	1,336,863.00
Reserve for taxes, expenses and dividends	417,996.12
Reserve for contingencies	150,000.00
Total liabilities except capital	\$4,298,737.12
Capital stock	\$650,000.00
Net cash surplus	754,878.14
Surplus as regards policyholders	1,404,878.14
Total	\$5,703,615.26

[Bonds on amortized basis. Actual market values of all securities exceed the values used in this statement. No bonds in default as to principal or interest.]

The detailed financial statement listing investments will be sent upon request.



AMERICAN MOTORISTS INSURANCE COMPANY

JAMES S. KEMPER, President

HOME OFFICE: Sheridan at Lawrence, CHICAGO, U.S.A., NEW ENGLAND Department: 260 Tremont St., Boston, Mass.



RESEARCH . . NEW PRODUCTS

(Continued from page 13)

"It's rather startling particularly since 16,841 are skilled workers and 13,000, most of them in the skilled class, are over 45.

"Such a small percentage is industrial," Miss Wood finds, "that the cry that industry must absorb the unemployed does not answer the problem. Industry has reached its 1928 level and can absorb only about 2,000,000 more in the nation."

Miss Wood's figures are based on the registration of unemployed completed February 1, for the purposes of the Federal unemployment insurance program. About 28,000 of the 84,288 who registered are on WPA work, 5,000 more are engaged in temporary work elsewhere such as domestic service, and some on district relief. This leaves about 51,000 who cannot be said to be working at all, or if occupied, are doing odd jobs here and there which cannot be recorded as easing the unemployment situation. The total is made up of 69,998 men and 14,290 women, with 11 percent of the 84,288 under 25. Only 303 are unemployables and 792 unclassified as to occupation.

Of the 18,788 skilled and semi-skilled employables, 11,119 of them are construction laborers and only 7,669 industrial. The latter total 18,720 with 5,028 in the building industry and 13,692 in industrial pursuit. The 16,481 skilled workers are divided into 8,953 construction workers and 7,883 industrialists. 5,437 registered for professional, technical and supervisory jobs or only 6.4% of the total. Other groups are:

Salespersons 4,282; clerical workers 9,297; domestic and personal service 9,828.

13—What is the profit necessary to jobber, dealer, or commission to salesmen?

This factor is necessarily included in previous phases, it is listed for the purposes of check and to make sure that all factors have been considered.

14—What type of sales promotion methods and advertising should be used?

If the inquiry has proceeded this far without causing rejection of the product, it is safe to say that all the elements needed to solve this question have been formulated. And it automatically becomes one of finance and related to the next and last question.

15—What capital is required to financed the project?

This is a "Believe it or not" paragraph, and the believe or not phase consists in the innumerable cases that have come within the writer's experience where the amount of money required to put through a project of this kind has not been worked out. Many a proposition takes on a different aspect when the financial need to carry it out is squarely faced.

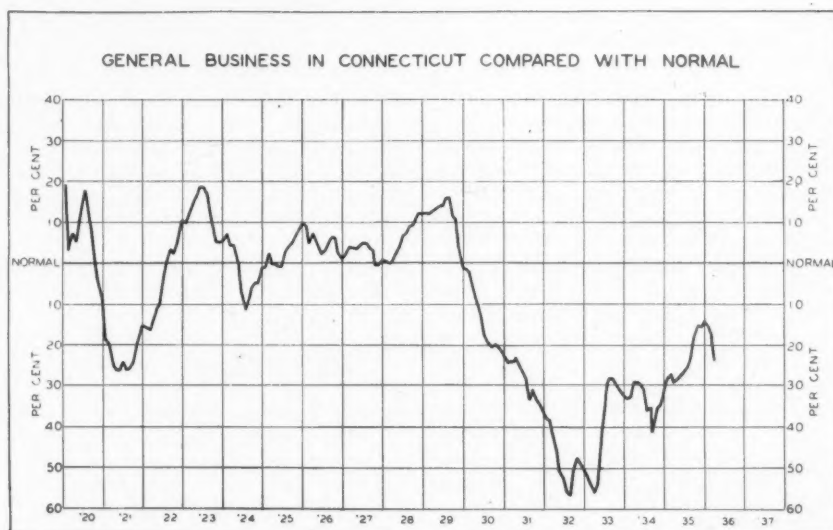
Summary:—

In an article of this length, it is obviously only possible to touch the high spots in discussion and explanation of the factors involved. We suggest that its chief value consists in being a check list, enabling one to audit his work.

BUSINESS PATTERN

General Summary. General business activity in Connecticut during March declined sharply to 23.7% below normal from 17.3% below in February. The principal contributory factor accounting for about two-thirds of the decrease was the widespread dislocation of normal business caused by floods in several sections of the State. In Hartford, manufacturing activity was severely interrupted, the total number of man-hours worked declining 25% from February. Factory employment was only moderately affected. Freight carloadings originating in Connecticut and cotton mill activity, however, felt the full effects of the floods. Metal tonnage carried by the New Haven Road increased slightly due to heavier shipments of copper. Construction activity increased for the tenth consec-

somewhat less than in February but 69% better than in March, 1935. While results for March were hardly encouraging, results for early April point to a sharp upswing in general business. Steel ingot production, which is a valuable index because it so often anticipates changes in other industries, rose to 68% of capacity in the second week of April, the highest rate that has been reached since early 1930. According to the "Iron Age," although production may level off around the 70% level, no decline is expected during the next month. Buying by railroads has been in unusually heavy volume and purchasing by the lighter consumer goods industries has also been impressive. Automobile manufacturers have stepped up their output and, in the week ended April 11, produced 113,000



utive month. Bank debits to individual accounts in four cities during the four-week period ended April 8 showed a gain of 18% over the corresponding period last year compared with a 13% increase during the preceding four-week period. Available data for the first half of April indicate a substantial recovery in general business. Manufacturing activity in Hartford has materially recovered although some plants are still operating on restricted schedules. Activity in other industrial centers is also reported on an upward trend.

In the United States, the index of general business stood at -21.5% in March, an advance of almost two points over February. Although floods in the eastern part of the country resulted in curtailment in the areas affected, they were less of a factor in the composite index than in Connecticut. Production of iron and steel both showed slight increases over February and raw cotton consumption was considerably higher. Electric power consumption remained at the February level but freight carloadings, due mainly to the floods, declined. Machine tool orders were

cars, the highest weekly total since 1929. Current estimates, for the entire month of April, indicate production will reach 500,000 units, a total that has been exceeded only five times. As a result of the expansion in steel and automobile plants and expansion in other industries, indicated by the rise in electric power production and freight carloadings, the New York Times business index for the two weeks ended April 11 averaged four points higher than the March level.

The index of wholesale prices compiled by the U. S. Bureau of Labor declined 0.6% during the four weeks ended April 4 due largely to decreases of 1.8% and 2.1% in the price of farm products and foods, respectively. All other commodities fell off only 0.3%.

Financial. During the four weeks ended April 11, the number of business failures was approximately the same as in the corresponding period last year. The number of new corporations formed advanced 10% but the aggregate capital stock involved was considerably lower. Real

estate activity was somewhat higher than a month earlier while the total value of mortgage loans rose sharply due to one exceptionally large mortgage.

Construction. With the advent of open weather in March, building activity in Connecticut rose sharply, the total number and value of building permits issued in the four weeks ended April 11 rising more than seasonally expected over the preceding four-week period and registering increases of 14% and 41% over the corresponding period of 1935. New residential building experienced a decided expansion being the result of increasing shortages of houses in a growing list of cities, the upward tendency of rents and the comparative ease with which a long-term mortgage can be secured under the terms of the Federal Housing Act.

The volume of new building in 37 eastern states showed a more than seasonal advance in March, the rise being due principally to an expansion in private building. The value of contracts awarded for new residential buildings was the highest for any month since October, 1931, and 72% above March, 1935. Awards for new public works and utilities exceeded last March by 59% while all other non-residential building rose 118%.

Labor and Industry. Manufacturing activity in Connecticut as a whole declined abruptly in March due to flood conditions. The index of the number of man-hours worked in factories in seven cities fell to 21.8% below normal from -14.8% in February. Eliminating the effect of the floods, this index would have shown a negligible decrease. The index of factory employment stood at -8.5% against -7.3% in February and -13.5% in March, 1935. In Bridgeport, the number of man-hours worked declined for the fifth consecutive month and was 16% below the peak reached last October; this was due mainly to a seasonal decrease in one of the largest plants. In New Britain and Bristol, moderate decreases in activity were experienced contrary to the usual seasonal trend. Hartford, as previously mentioned, was severely affected by the flood, man-hour activity declined to a level 9% below a year earlier. In New Haven, activity showed considerable expansion and was 17% above the same month of 1935. Factory employment in Waterbury brass factories receded 1% from the high February level. Torrington plants reported a small rise and in Stamford concerns the number of employees on factory payrolls rose 3% over the previous month.

Incomplete data relative to factory employment and payrolls in manufacturing establishments in the United States indicated a greater than seasonal increase in both indices.

Trade. As was indicated by early reports last month, retail trade experienced an abnormally sharp increase in March. The index of sales by department stores, adjusted to allow for the shift in the date of Easter, stood at 88% of the 1923-1925 average compared with 80% in February. The increase was particularly noteworthy in view of the floods which restricted trade in the northeastern section of the country.

Transportation. Freight carloadings originating in Connecticut fell off in March contrary to the usual trend. On the entire New Haven Road, carloadings were marked by substantial gains in the shipment of building materials which were 37% higher than a year previous.



Editorial Note: In this column will appear monthly, if the amount of good business literature warrants, a brief description of the books and pamphlets which, in the opinion of a business librarian and the editor, will be helpful to the business man. This month's suggestions are made by Miss Mildred Potter, Business Librarian, Hartford.

Graphs: How To Make & Use Them—Arkin, Herbert & Colton, R. R.

Attempts to supply a long recognized need for a simple, clear and concise manual on the above subject. The elementary methods as well as the more advanced are explained. The authors, who teach at the College of the City of New York, are well known statisticians.

How To Understand Banks—Beaty, John Y.

Is a simple, direct and readily understandable description of the mechanism of banking practice. Explains in non-technical terms every step in the banking process that should be known to the customer. The author is editor of *Bankers' Monthly*.

Bankers, Statesmen and Economists—Einzig, Paul.

A collection of essays dealing mainly with the attitude of bankers, statesmen and economists toward current monetary and economic problems. Several of them have previously been published in popular financial periodicals.

Federal Taxes on Estates, Trusts & Gifts, 1935-36—Montgomery, R. H. & Magill, R.

Explains the application of the estate tax, the gift tax and the income tax as they affect estates and trusts. For each point, the authors combine the legal and accounting viewpoints. They interpret the law, the decisions and rulings into plain statements of advice and procedure.

Administrative Proficiency In Business—Schell, E. H.

This book seeks to benefit three classes of people:—the experienced business executive who is undertaking new responsibilities; the younger business man of promise who is determined to succeed; and the newcomer in the administrative field. It also attempts to lessen the curse of the "five-year service and then change" idea.

Interview Aids and Trade Questions for Employment Offices—Thompson, L. A. & Others.

Lists specific questions to ask in order to find out the Trade Knowledge of applicants for nearly 200 different occupations, as used by the Cincinnati Employment Centre. Every interviewer in every employment office should find this volume very valuable.

How to Get Publicity—Wright, Milton.

Covers the whole art of getting publicity in a most practical manner. The author is an experienced publicity man and he discusses how to prepare and handle the material in such a way that it meets the business man's needs.

DEPARTMENTS

Accounting Hints for Management

Contributed by Hartford Chapter N. A. C. A.

Management Reports, Their Use and Interpretation. Charles F. Bennett, president of the Stanley Works (New Britain) outlined several suggestions based on the practice of his Company, which might well be given serious consideration by other manufacturers.

For the purpose of controlling capital outlay and maintenance, a "New Work Budget" is set up which is distinct from control of current expenditures. The progress of new developments and products, and the sales resulting therefrom are closely followed up and reported on. A standard has been set based on the premise that development costs should be absorbed by an assumed 10% profit on sales of the newly developed items during the first four years. Comparatively few concerns have formulated a definite basis for judging the sales and profit results in this direction.

Before taking on new lines of products, or developing new numbers an investigation is conducted through a sales research department and frequently through independent research agencies. The probable market and the prospective volume thus ascertained is extremely useful in arriving at a decision in the matter.

Where a concern operates several plants which furnish part or all of their production to some of the affiliated concerns, it is a useful means of management control to have such product passed or charged from one to the other on the basis of the competitive market value or price of such goods.

Range-Finders For Sales. The subject of distribution costs has been discussed in this column from time to time. It is a subject of the keenest interest and is increasingly commanding the attention of executives. In some respects it is more baffling, elusive and involved than production costs.

A recent account in a national business publication (B. W. 3/14) cited the experience of The Tide Water Oil Company in sifting out its prospects and territories to obtain maximum results and efficiency of its sales organization. Selective selling has been supplemented by sales control.

The adoption of similar expedients is feasible by concerns of more modest size. In fact it will become imperative for them to take some active measures if they are competing with progressive organization of this nature. There can be no uniform program or system to be adopted; it is too specialized a problem and requires individual adaptation to each concern. It is worthy of note that a number of the large companies with which J. P. Morgan & Co. is identified have taken up this approach to their problem.

There is very little tabulated data to be had relative to "customer obsolescence." One special survey thereof indicated that the average cycle from prospect, then customer and finally former customer, was six to seven years. If this holds true generally, it means that there must be an

average of 15% new customers annually in order to maintain a steady volume of business.

Manufacturers and distributors of consumer goods can obtain some assistance through an activity of the Federal Government with respect to their market prospects, etc. Which consumers in which towns have how much money to spend, is indicated in a series of surveys edited by the Department of Commerce under the caption "Consumer Use of Selected Goods and Services, by Income Classes." Other useful statistical data is available from governmental sources and from the *Annalist*.

Open Forum. The final technical session of the Hartford Chapter of Cost Accountants will be held Tuesday, May 19, and will be devoted to an open forum on cost and industrial accounting problems. The meeting will be held in Waterbury, and William F. Burke of the Scovill Manufacturing Company will preside.

Foreign Trade

Second Meeting of Export Managers Club of Hartford.

The second meeting of the Export Managers Club of Hartford, organized at Association headquarters on Friday evening, March 13, was held Wednesday evening, April 15 at the University Club, Hartford, with George Bauer, export manager of the Automobile Manufacturers' Association, as the principal speaker. After being introduced by Mr. John D. Garrett, export sales manager, The Arrow-Hart and Hegeman Electric Company, who was previously elected chairman of the club, Mr. Bauer spoke, with the aid of slides, on the relationship between foreign trade and domestic welfare. His speech dealt primarily with the importance of the invisible or indirect exports upon business activity in Connecticut and upon employment of workers in the area.

Those present at the dinner preceding the meeting and talk were: W. D. Ball, The Wiremold Company, Hartford; A. P. Keeler, The Fuller Brush Company; J. A. Roberts, Smith-Worthington Saddlery Company; J. D. Garrett, Arrow-Hart and Hegeman Electric Company; W. G. Howells, The Merrow Machine Company; D. W. Frantzen, E. J. Sather, R. C. Kingsbury, W. C. Bowman, Colt's Patent Fire Arms Mfg. Company; George M. Bauer, and A. C. Hine, Jr., Association Foreign Trade Secretary.

Trade Agreement Act to Get Court Test. John G. Lurch, well-known Customs Attorney of New York, has recently instituted proceedings in behalf of George S. Fletcher, head of the Florida Agricultural Association, in the United States Customs Court of New York against the Trade Agreements Act of 1934, which has thus far resulted in reductions, through tariff treaties negotiated with 11 countries, in the United States tariff structure.

The case involves the importation by Mr. Fletcher of 42 cases of pineapples from Cuba on which a duty of 20¢ per crate has been substituted for the old rate of 40¢. Although only \$8.40 is at stake in this particular case, nevertheless it is highly significant and may rival in importance those of the NRA and the AAA. The plaintiff contends that Congress illegally delegated to the Presi-

dent its right to levy duties and to regulate foreign commerce, that the trade agreements are actually treaties and as such must be ratified by a two-thirds vote of the Senate and that, being revenue measures because they affect the duties exacted on imported merchandise, they must originate in the House of Representatives and be acted upon by both branches of Congress.

The defendants in the case are the United States Government, and certain importers represented by James W. Bevans, attorney for the National Council of American Importers and Traders Inc., who will give whatever assistance may be needed in defending the case. It may be recalled that Judge Lurch, who has instituted the proceedings, spoke at the 1934 annual meeting of the Association on the Trade Agreements Act.

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Merger of Two Foreign Trade Organizations. Announcement has been made recently of the formation of the National Foreign Trade Association, which made in a practical way the merger of the National Foreign Trade Council, Inc., and the American Manufacturers' Export Association. They will coordinate their activities under a Board of Directors common to both organizations, two of the oldest export organizations of national scope in existence. Plans are understood to have been approved by their respective boards.

James A. Farrell, Chairman of the National Foreign Trade Council, Inc., became Chairman of the new group; and James D. Mooney, President of the American Manufacturers' Export Association, became a director and a member of the Executive Committee. Officers of the Association include:

James A. Farrell, chairman; Eugene P. Thomas, president; Robert H. Patchin, treasurer; Harry Tipper, executive vice president; Lindsay Crawford, vice president and secretary; and Francis T. Cole, vice president. The combination board numbers 52, among whom are some of the nation's leading industrialists. Nelson W. Pickering, president, Farrel-Birmingham Company, Ansonia, is the only Connecticut man represented.

Both the National Foreign Trade Council, Inc., which still retains its identity, and the American Manufacturers' Export Association, which is to be merged in the National Foreign Trade Association, have long been identified with the interests of American foreign trade. The Council was established in 1914 by resolution of the first National Foreign Trade Convention in Washington, in which it was declared that "the development of the United States makes it essential to the best interest of the nation that the Government and the industrial, commercial, transportation and financial interests should cooperate in an endeavor to extend our foreign trade," and that "some organization be effected which should endeavor to coordinate the foreign trade activities of the nation."

The American Manufacturers' Export Association was established in 1911, and its activities, beyond the complete and widespread services it renders to individual exporting organizations, have included a campaign of education to the public at large on the vital importance of foreign trade to the American domestic economy. Both the Council and the Association have publicly sponsored the reciprocal trade agreements program, and the force of the new Association's efforts will be thrown vigorously behind the work that is being done in this regard to restore a normal and healthy flow of international trade between the United States and the rest of the world.

Offices of the newly formed National Foreign Trade Association have been established at 26 Beaver Street, New York City.

Transportation

Confusion in Truck Tariffs. The fact that the new motor truck tariffs are not all governed by the same classification, even in the same territory, and thus frequently result in wide discrepancy in the rates on specified commodities between the same points of origin and destination, is causing much confusion. It is expected that such confusion will be eliminated after a more thorough understanding of the rates is gained.

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Boston Hearing on Emergency Charges Held. Nearly 20 representatives of New England's industrial and commercial establishments presented statements, in most cases opposing, a proposed extension of emergency charges at the Boston hearing held April 16. The hearing was held for the purpose of taking testimony on the carriers' petition to make permanent the emergency charges scheduled to expire on June 30, 1936. Although there were many who spoke in opposition to any extension of the emergency charges beyond June 30, others opposed only the permanency of these charges, but did not object to a temporary extension of six months or one year, provided this was deemed necessary by the Interstate Commerce Commission.

Representatives from Connecticut attending the hearing were: Messrs. J. F. Atwater, traffic manager of the American Hardware Corporation, New Britain; W. F. Price, traffic manager, the J. B. Williams Company, Glastonbury; O. E. Sandall, traffic manager of Peter Paul Inc., Naugatuck; A. Winter, manager of the Bridgeport Manufacturers' Association; and N. W. Ford, traffic manager of the Association.

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Demurrage Charges Account of Flood. Recently A. G. Thomason, New England Demurrage Commissioner, has ruled that it is not the intention of New England railroads to collect demurrage charges either under the average agreement or straight plan provided the accumulation of demurrage charges is directly traceable to the flood. As we go to press representatives of the New England Railroads are meeting in Boston to discuss the matter, and doubtless will set forth a definite plan for determining the exact conditions under which demurrage charges may be cancelled. Flood sufferers, before paying demurrage, should call the Association for information as to the status of these charges before making payment.

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Suspension of Pick-Up and Delivery Tariffs. Pick-up and delivery tariffs of carriers operating in the Eastern Territory which were scheduled to become effective April 1, were suspended on March 31 by the Interstate Commerce Commission until November 1, 1936. This action on the part of the Commission was said to have been taken at the request of motor carriers operating largely in New York City, and was due mainly to failure of the rail carriers to justify the proposed services.

The Pennsylvania Railroad, the Erie Railroad and the Boston and Main Railroad all of which have had a pick-up and delivery arrangement in effect for some time, will continue to operate on their old schedules.

The New Haven Railroad has recently removed a part of the restrictions applicable to pick-up and delivery service at certain stations on its line, the present intention being not to restrict the service to traffic moving at class, commodity, or any-quantity rates not lower than Column 50 or Class 4. Neither does the railroad intend to exempt from the pick-up and delivery service traffic moving on rates or ratings issued to meet motor truck, water or other unregulated competition and so indicated in tariffs. Actually this has the effect of removing all restrictions on less-than-carload traffic at stations which will be afforded the collection and delivery service with the exception of the provision that the service will not be accorded on traffic moving at rates lower than 30¢ per hundred pounds. At the option of the consignor or consignee, a rate lower than 30¢ (for example, 28¢) may be increased to 30¢ and pick-up and delivery service thus made available.

General suspension of pick-up and delivery tariffs did not apply to tariffs of the carriers operating in Southern and Western territories.

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Postponement of North Carolina Rates. In an order dated March 25, 1936, the Interstate Commerce Commission postponed the effective date of the rates prescribed in Docket 21665—North Carolina Corporation Commission v. Carriers, on May 1, 1936, until July 29 of this year. The action was taken at the urgent request of the carriers.

This proceeding involved all-rail rates between stations in southern Virginia and North Carolina and stations in Official Classification Territory (including New England). An outline of the adjustment, together with illustrations of the effect of the decision on traffic to and from Connecticut, was included in the Association's Transportation Bulletin No. 448, dated January 7, 1936.

LAST MONTH IN WASHINGTON

(Continued from page 2)

employees remain as threats to employer freedom in distributing even ordinary economic facts to employees. Dopesters believe one of these bills will pass if permitted to come to a vote.

Patman "chain store" bill as rewritten is generally considered passable in event of vote.

Wheeler Basing-Point bill, already heard, expected to be sidetracked this session with certain chances of renewal next year.

Senate substituted Black lobby bill, passed last year, for House approved Smith bill and planned to send it to conference. Passage of modified bill looks probable this session.

The Norris measure for creation of Mississippi Valley Authority looks dead due to strong opposition from War Department, Agriculture Department and Federal Power Commission, because of claim that it would place too much power in hands of a single agency.

Last month besides appropriation bills the chief bills passed of possible interest to manufacturers were:

RFC Flood Loans bill providing for loaning of \$50 million for flood rehabilitation, construction or repair of all manner of buildings, public and private, and for equipment purchase—all under slightly more lenient terms; and with subsequent rulings at 4% instead of former 5% interest rate. The Act applies to farmers, homeowners and industry as well as to municipalities and utilities. It was introduced

in its original form by Congressman Kopplemann and later amended and merged with other offerings.

S. 2496, to include air pilots under the terms of the railway labor act settlement of disputes provisions was also approved by the President, April 10.

H. R. 11365, the so-called "green slip bill" requiring copies of income tax returns along with the originals, approved by President, April 10.

FEDERAL SOCIAL SECURITY

(Continued from page 11)

further, restrict production and consumption, and impose a permanently lower standard of living on the masses.

However laudable the *intent* to provide for the aged and under-privileged, the means prescribed by this Act are neither American, Social nor Security.

The Act is, instead, either one or the other of two things:

1. An unfortunate blend of radical thinking and reactionary economics; or
2. An amazingly clever socialistic device for subverting economic liberty while preserving the pretense of political freedom to American business and labor.

And, whichever is the case, none can afford to be indifferent to the far-reaching consequences thereof.

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Service Section

On account of space limitations, the material and used equipment items offered for sale by Association members have not been classified by sizes or usage best adapted. Full information will be given on receipt of inquiry. Listing service free to member concerns. All items offered subject to prior sale.

materials for sale

COLD rolled steel in coils and in squares, condulets and fittings, remnants of covering materials—velours, velvets, mohair, tapestries, denims, chintzes, and cretonnes, semi-finished and castellated U. S. S. nuts, pulleys, flat and crown face-steel and cast-iron; new shaft hangers, brass wire, brass rods, aluminum tubing, cold drawn steel—mostly hex; miscellaneous lot of material used in the manufacture of molded rubber parts and flooring, knife switches—new and many sizes; carload C. I. drop bases; lead pipe, lead sheet, acid proof pipe fittings, 124 bars screw stock varying thicknesses and lengths, white absorbent tissue process from cotton, rotary convertor, colors and dyes—large anneal copper with high silver content in rolls. J. H. Williams' wrenches variety, lacquers—several hundred gallons in assorted colors; and soft in assorted sizes.

equipment for sale

ACCUMULATORS, annunciators, baskets, beaders, beamers, bearings, belt stretchers, blowers, boilers, braiders, bronze runners, cans, cards, woolen; car loaders, chain, chairs, chamfer, clocks, time recorders; clock systems, colors and dyes, compressors, condulets, convertors, conveyors, cookers, cooking utensils, doublers, draftsman's table, drop hammers, drops, board; drums, drying racks, dyes, engines, evaporators, extractors or percolators, fans, filtering carbon, folders, forming rolls, frames, furnaces, gears, generators, grinders, grindstones, grinding wheels, guiders, headers, lamp shades, lathes, lifters, looms, De Laski circular; machines, automatic; machines, calculating; machines, compressing; machines, dieing; machines, drilling; machines, filing; machines, filling; machines, folding; machines, knitting; machines, mercerizing; machines, milling; machines, pipe-cutting and threading; machines, pleating down; machines, riveting; machines, screw; machines, threading; machines, tongue and groove; machines, washing; mercerizer equipment; millers, mixers, mills, mills rubber; mixing rolls, motors, oil circuits; oven drawers, paints and lacquers; panels, planers, plungers, pointers, presses, profilers, pulley drives, pumps, reamers, receivers, rheostats, safe cabinets, saws, scales, screens, seamers, shapers, shears, spindles, spinning mules, steam tables, steam warmers, stitcher, 192 monitor corner box switches, tables, tanks, toilet equipment, trucks, ash can; tube closers; wire, wire screw and yarders.

for sale or rent

FOR SALE. 1 Bigelow H. R. T. boiler. 53 B. H. P. Will pass inspection. With fittings. Address S. E. 79.

FOR SALE. One No. 94 Monarch Oil Burning Furnace, 2,000 lbs. capacity, complete with all accessories including electrical equipment. Address S. E. 90.

FOR SALE IN PUTNAM, CONNECTICUT. 90,000 square feet of manufacturing floor space located on 193,000 square feet of land. Floor space of 24,000 sq. ft. in modern two story building and 36,000 sq. ft. in stone mill, the balance being in a brick building connected by covered passages to other buildings, suitable for storage purposes. Plant protected by modern sprinkler system, and has elevator, modern toilet facilities and electric wiring. Will consider reasonable offer. Address S. E. 91.

FOR RENT. In Hartford, Connecticut, units of 5,000 to 16,000 sq. ft. in fully sprinklered modern building suitable for light or heavy manufacturing. Elevator, heat, watchman service included in rental. New York, New Haven and Hartford Railroad siding available. Out of flood area. Will rent at reasonable rates. For particulars apply to Billings and Spencer Company, Nelson Smith, 75 Pearl Street, Hartford, or your own broker.

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WANTED, USED—1 Portable Recording Wattmeter, 3 Phase, 3 Wire, 60 Cycles, 230 and 575 Volts. 5 Amperes, Synchronous Motor Drive (1" per hour and 1" per minute suggested); 2 Current Transformers for above, 20-25-40-50-800-1,000 Ampere Rating; 1 600-KVA, 440 Volt, 3 Phase, 600 RPM Alternating Current Generator, with Exciter; Exciter preferably directly connected to Generator. Generator must have amortisseur windings. Address S. E. 87.

NEW PRODUCTS WANTED. A well equipped established Connecticut manufacturer wants to acquire additional lines of metal products or tools having a normal manufacturing season during the summer and early Fall months. Would prefer an established line that can be distributed through the hardware trade. Address your offerings to S. E. 89.

FOR SALE. Bliss Gang Press in good condition. 100" between up-rights. Equipped with punches and dies. Can be seen in operation. For sale very reasonable. Waterbury Mattress Company, Benedict and West Clay Streets, Waterbury, Connecticut.

employment

PRODUCTION MANAGER. Man with broad and basic training and diversified experience in manufacturing production management in several large industries and more recently in charge of production for 14 years in the largest plant of its kind in the state, is now available for another connection. References from last employer given on request for interview. Address P. W. 316.

COST ACCOUNTANT. Age 28, High School and College. Eight years' experience production and payroll work. Available at once. Operates Comptometer. References. Address P. W. 325.

SITUATION WANTED. Electro-plater with 26 years of practical and theoretical experience with all known plating solutions and finishes on all kinds of metals wants position. Executive ability. High grade references. Address P. W. 326.

ACCOUNTANT AND PRODUCTION PLANNER. Married man, 34 years of age who has training in higher accounting, cost accounting and business administration and experience covering a period of 13 years in planning and production work, manufacturing costs and supervision work desires position in Connecticut or New England in answer to his capabilities. Responsible recommendations furnished on request. Address P. W. 321.

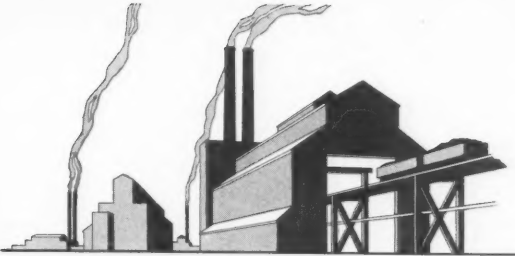
ACCOUNTANT AND BOOKKEEPER. Man thoroughly trained and experienced over a period of 20 years desires position as accountant or bookkeeper. References upon request. Address Accountant, 9 Sherman St., Hartford, Connecticut.

COMMERCE DEPARTMENT EXECUTIVE. Young man in early thirties who has had broad business experience in both the domestic and foreign fields for the Bureau of Foreign and Domestic Commerce as a sales promotion man, market analyst, personnel manager and office executive, and who more recently has been in other executive positions with the government, desires connection with manufacturer or commercial organization. His experience qualifies him for sales, personnel, sales promotion or an office management position. Address P. W. 322.

COST AND FACTORY ACCOUNTANT. Young man, age 29, High School and Business College education seeks position as accountant. His experience has been in cost and general factory accounting. Desires position with CPA firm or manufacturing establishment in Connecticut or New England. Address P. W. 323.

ENGINEER—CONSTRUCTION & MAINTENANCE. Yale Sheffield graduate 1913, 5 years experience in outside construction, waterworks building construction, etc., 17 years in factory construction and maintenance, desires position as maintenance or construction man due to change in set-up of his present employer. References furnished upon application. Address P. W. 324.

EXECUTIVE. Man with very broad executive experience qualified to fill position as manager, treasurer or accounting manager seeks a connection in Connecticut or New England. References exchanged during interview. Salary demands moderate and consistent with opportunity afforded. Address P. W. 327.



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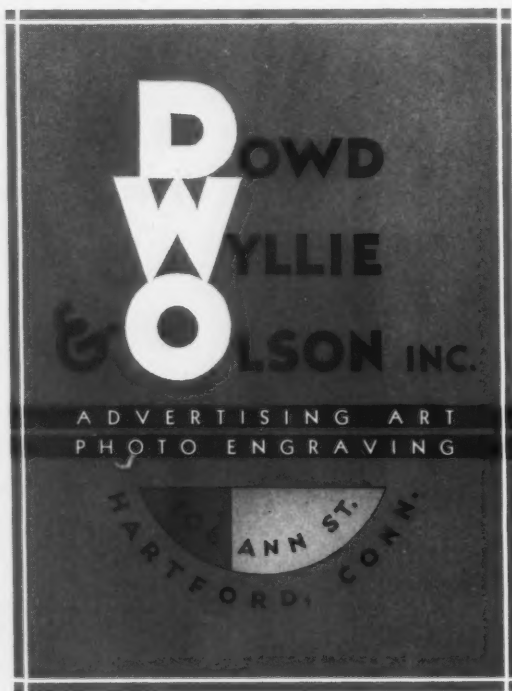


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